

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Arshad Energy Limited

Dates of Hearing

April 12, 2021

Order-Redacted Version

Order dated April 27, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Arshad Energy Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated February 23, 2021
2. Name of Company	Arshad Energy Limited
3. Name of Individual*	The proceedings were initiated against the Company i.e. Arshad Energy Limited and its directors.
4. Nature of Offence	Violation under the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with section 512 and section 479 of the Companies Act, 2017.
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I, have gone through the fact of the case, submission made by the Authorized Representative and relevant provision of the Regulations and of the Act. I would like to mention here that BAC is mainly responsible for determination of appropriate measures to safeguard the Company's assets, and to review annual and interim financial statements of the Company, prior to their approval by the Board and to determine compliance with various requirements.</p> <p>In terms of clause (i) of sub-regulation (2) of regulation 27 of the Regulations, it is mandatory for the BAC to meet at least once each quarter of the financial year. The aforesaid regulation also requires that the meeting of the BAC to be held prior to the approval of interim results of the Company by its board and after completion of external audit. In case of the Company, the meeting of BAC was not held during last quarter of financial year ended on June 30, 2020. The default of the mandatory requirement of regulation 27 was duly acknowledged in writing and during the hearing. The reason for the said default was however not found tenable.</p>

	<p>The Respondents stance that waiver of non-holding of BAC meeting during last quarter was sought from the directors of the Company, however, I, am of the view that it is mandatory provision of the regulations and waiver, if any, sought from the board cannot exonerate the respondents from their obligations. The Authorized Representative also submitted about change in composition of BAC members. In this regard, perusal of relevant SOC annexed with the annual audited financial statements for the year ended June 30, 2020 disclosed BAC comprised of directors namely Mr. ***, as chairman, Mr. *** and Mr. *** as members.</p> <p>2. To conclude, as per available information, the Respondent directors, except Ms. Resham Shahzad, were acting as members of the BAC did not hold meeting during the last quarter of financial year ended on June 30, 2020 and the reason described in directors' review report on SOC, and during the course of the said proceedings, was not found cogent, hence, violation of regulation 27(2)(i) of the Regulations is committed for which penalty has been provided in terms of regulation 37 of the Regulations read with Section 512 of the Act.</p> <p>Keeping in view a penalty of Rs. 50,000/- (Rupees fifty thousand only) was imposed chairman BAC, for the said violation.</p> <p>Penalty order dated April 27, 2021 was passed by Director (Adjudication-I).</p>
6. Penalty Imposed	A Penalty of Rs. 50,000/- (Rupees fifty thousand only) was imposed on chairman BAC.
7. Current Status of Order	No Appeal has been filed by the respondents.